

SCOTT COUNTY, MISSISSIPPI

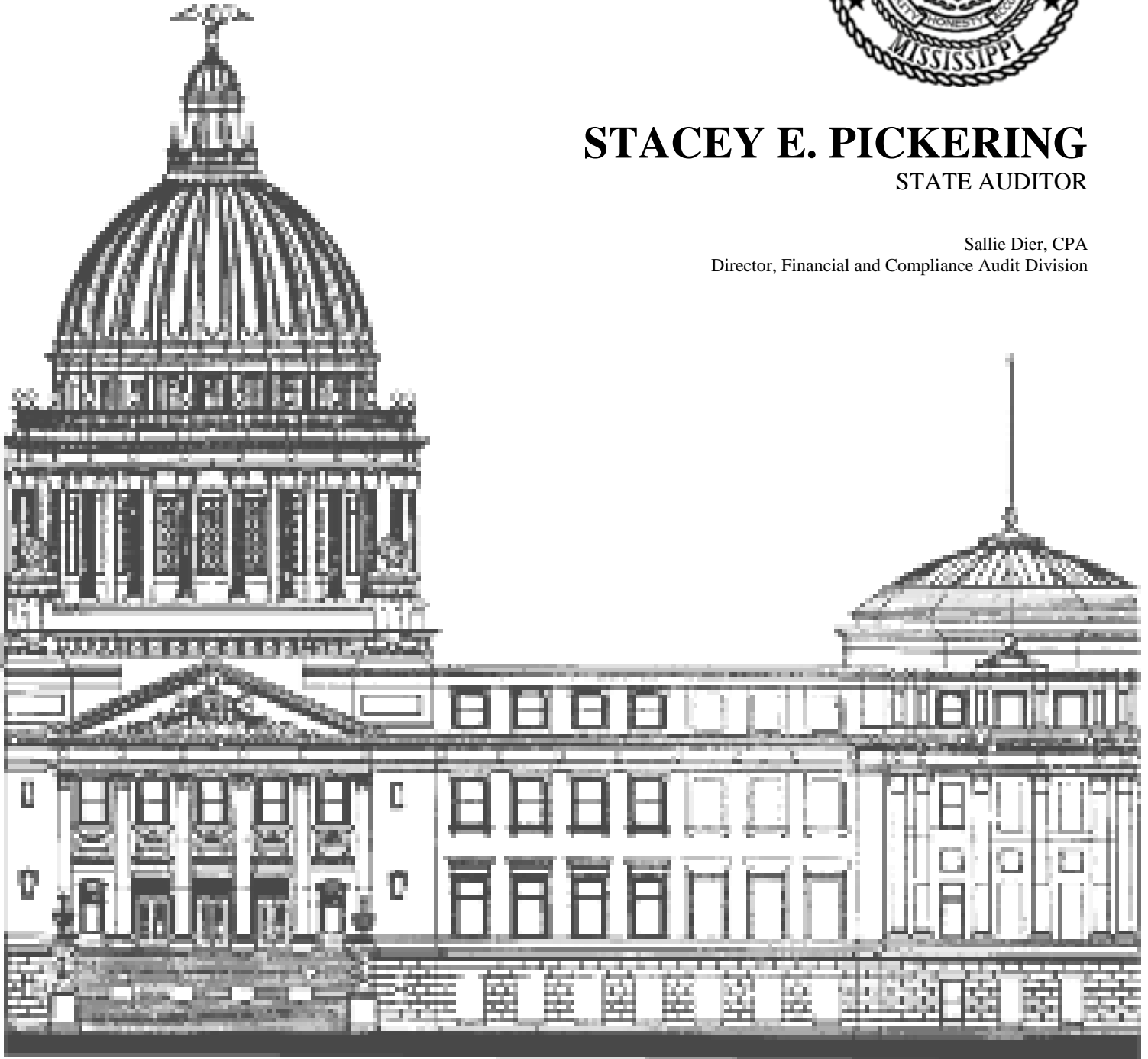
Audited Financial Statements and Special Reports
For the Year Ended September 30, 2014



STACEY E. PICKERING

STATE AUDITOR

Sallie Dier, CPA
Director, Financial and Compliance Audit Division



A Report from the County Audit Section

www.osa.state.ms.us



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

February 19, 2016

Members of the Board of Supervisors
Scott County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2014 financial and compliance audit report for Scott County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

I appreciate the cooperation and courtesy extended by the officials and employees of Scott County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Scott County. If I or this office can be of any further assistance, please contact me or Sallie Dier of my staff at (601) 576-2673.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stacey E. Pickering", is written over a horizontal line.

Stacey E. Pickering
State Auditor

SCOTT COUNTY

TABLE OF CONTENTS

FINANCIAL SECTION	1
INDEPENDENT AUDITOR’S REPORT	3
FINANCIAL STATEMENTS	7
Statement of Net Position	9
Statement of Activities	10
Balance Sheet – Governmental Funds	11
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	12
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	14
Statement of Fiduciary Assets and Liabilities	15
Notes to Financial Statements	17
REQUIRED SUPPLEMENTARY INFORMATION	31
Budgetary Comparison Schedule – (Budget and Actual (Non-GAAP Basis) - General Fund	33
Budgetary Comparison Schedule – (Budget and Actual (Non-GAAP Basis) – Countywide Road Maintenance Fund.....	34
Notes to the Required Supplementary Information	35
SUPPLEMENTAL INFORMATION	37
Schedule of Expenditures of Federal Awards.....	39
Reconciliation of Operating Costs of Solid Waste	40
OTHER INFORMATION	41
Schedule of Surety Bonds for County Officials	43
SPECIAL REPORTS.....	45
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	47
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133.....	49
Independent Accountant’s Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules (Required by Section 31-7-115, Miss. Code Ann. (1972))	51
Limited Internal Control and Compliance Review Management Report	57
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	61
AUDITEE’S CORRECTIVE ACTION PLAN AND SUMMARY OF PRIOR AUDIT FINDINGS	71

SCOTT COUNTY

FINANCIAL SECTION

SCOTT COUNY

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**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR**

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Scott County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Scott County, Mississippi, (the County) as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Scott County, Mississippi, as of September 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedules and corresponding notes be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Omission of Required Supplementary Information

Scott County, Mississippi, has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Scott County, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying Reconciliation of Operating Costs of Solid Waste is also presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards and the Reconciliation of Operating Costs of Solid Waste are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the Reconciliation of Operating Costs of Solid Waste are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Surety Bonds for County Officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2016, on our consideration of Scott County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Scott County, Mississippi's internal control over financial reporting and compliance.



SALLIE DIER, CPA
Director, Financial and Compliance Audit Division

February 19, 2016

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SCOTT COUNTY

FINANCIAL STATEMENTS

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SCOTT COUNTY
Statement of Net Position
September 30, 2014

Exhibit 1

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Cash	\$ 10,081,022
Property tax receivable	8,584,000
Accounts receivable (net of allowance for uncollectibles of \$757,557)	404,798
Fines receivable (net of allowance for uncollectibles of \$1,412,071)	252,535
Intergovernmental receivables	288,587
Other receivables	62,061
Capital assets:	
Land and construction in progress	1,199,763
Other capital assets, net	22,260,841
Total Assets	<u>43,133,607</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amount on refunding	<u>926,766</u>
Total deferred outflows of resources	<u>926,766</u>
LIABILITIES	
Claims payable	527,475
Intergovernmental payables	175,873
Accrued interest payable	178,393
Unearned revenue	141,076
Other payables	8,264
Long-term liabilities	
Due within one year:	
Capital debt	921,872
Due in more than one year:	
Capital debt	10,499,570
Non-capital debt	193,316
Total Liabilities	<u>12,645,839</u>
DEFERRED INFLOWS OF RESOURCES	
Property tax for future reporting period	<u>8,584,000</u>
Total deferred inflows of resources	<u>8,584,000</u>
NET POSITION	
Net investment in capital assets	12,965,928
Restricted for:	
Expendable:	
General government	117,750
Debt service	1,078,512
Public safety	1,165,046
Public works	3,831,334
Unemployment compensation	131,430
Unrestricted	3,540,534
Total Net Position	<u>\$ 22,830,534</u>

The notes to the financial statements are an integral part of this statement.

SCOTT COUNTY
Statement of Activities
For the Year Ended September 30, 2014

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 3,286,088	677,104	27,108		(2,581,876)
Public safety	4,331,386	745,041	171,480	10,668	(3,404,197)
Public works	5,269,490	811,533	2,734,910		(1,723,047)
Health and welfare	395,233		34,527		(360,706)
Culture and recreation	231,043				(231,043)
Education	229,200		229,200		
Conservation of natural resources	184,948		37,751		(147,197)
Economic development and assistance	78,779				(78,779)
Interest on long-term debt	463,271				(463,271)
Bond issue cost	248,506				(248,506)
Total Governmental Activities	\$ 14,717,944	2,233,678	3,234,976	10,668	(9,238,622)
General revenues:					
Property taxes				\$	8,757,777
Road & bridge privilege taxes					342,181
Grants and contributions not restricted to specific programs					639,469
Unrestricted interest income					107,447
Miscellaneous					189,043
Total General Revenues					10,035,917
Changes in Net Position					797,295
Net Position - Beginning, as previously reported					21,473,239
Prior period adjustment					560,000
Net Position - Beginning, as restated					22,033,239
Net Position - Ending				\$	22,830,534

The notes to the financial statements are an integral part of this statement.

SCOTT COUNTY
Balance Sheet - Governmental Funds
September 30, 2014

Exhibit 3

	<u>Major Funds</u>				
	General	Countywide Road Maintenance Fund	Combined GO Debt Fund	Other Governmental Funds	Total Governmental Funds
	Fund	Fund	Fund	Funds	Funds
ASSETS					
Cash	\$ 3,637,620	20,843	1,128,089	5,294,470	10,081,022
Property tax receivable	6,013,100	58,500	946,000	1,566,400	8,584,000
Accounts receivable (net of allowance for uncollectibles of \$757,557)				404,798	404,798
Fines receivable (net of allowance for uncollectibles of \$1,412,071)	252,535				252,535
Intergovernmental receivables	240,962			47,625	288,587
Other receivables	6,784			55,277	62,061
Due from other funds		8,530	17,507	49,477	75,514
Total Assets	<u>\$ 10,151,001</u>	<u>87,873</u>	<u>2,091,596</u>	<u>7,418,047</u>	<u>19,748,517</u>
LIABILITIES					
Liabilities:					
Claims payable	\$ 144,400	22,960		360,115	527,475
Intergovernmental payables	169,125				169,125
Due to other funds	82,262				82,262
Unearned revenue				141,076	141,076
Other payables	8,264				8,264
Total Liabilities	<u>\$ 404,051</u>	<u>22,960</u>	<u>0</u>	<u>501,191</u>	<u>928,202</u>
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property taxes	6,013,100	58,500	946,000	1,566,400	8,584,000
Unavailable revenue - fines	252,535				252,535
Unavailable revenue - accounts receivable				404,798	404,798
Total deferred inflows of resources	<u>\$ 6,265,635</u>	<u>58,500</u>	<u>946,000</u>	<u>1,971,198</u>	<u>9,241,333</u>
Fund balances:					
Restricted for:					
General government				117,750	117,750
Public safety				1,165,046	1,165,046
Public works		6,413		3,420,123	3,426,536
Debt service			1,145,596	111,309	1,256,905
Unemployment compensation				131,430	131,430
Unassigned	3,481,315				3,481,315
Total Fund Balances	<u>\$ 3,481,315</u>	<u>6,413</u>	<u>1,145,596</u>	<u>4,945,658</u>	<u>9,578,982</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 10,151,001</u>	<u>87,873</u>	<u>2,091,596</u>	<u>7,418,047</u>	<u>19,748,517</u>

The notes to the financial statements are an integral part of this statement.

SCOTT COUNTY

Exhibit 3-1Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2014

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 9,578,982
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$11,928,546.	23,460,604
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	657,333
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(11,614,758)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(178,393)
Deferred amount on refunding	<u>926,766</u>
Total Net Position - Governmental Activities	\$ <u><u>22,830,534</u></u>

The notes to the financial statements are an integral part of this statement.

SCOTT COUNTY

Exhibit 4

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2014

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	Countywide Road Maintenance Fund	Combined GO Debt Fund		
REVENUES					
Property taxes	\$ 6,076,695	79,516	1,026,425	1,575,141	8,757,777
Road and bridge privilege taxes				342,181	342,181
Licenses, commissions and other revenue	329,257			196,398	525,655
Fines and forfeitures	308,380			7,386	315,766
Intergovernmental revenues	589,507	1,752,106	6,181	1,537,319	3,885,113
Charges for services	425,702			957,989	1,383,691
Interest income	86,779		2,807	17,861	107,447
Miscellaneous revenues	82,922	4,115		57,785	144,822
Total Revenues	7,899,242	1,835,737	1,035,413	4,692,060	15,462,452
EXPENDITURES					
Current:					
General government	3,108,782			144,043	3,252,825
Public safety	3,720,752			461,794	4,182,546
Public works	209,327	1,851,053		3,652,233	5,712,613
Health and welfare	317,064			23,351	340,415
Culture and recreation	231,043				231,043
Education				229,200	229,200
Conservation of natural resources	147,197			37,751	184,948
Economic development and assistance	78,779				78,779
Debt service:					
Principal	58,466		475,000	407,301	940,767
Interest	2,801		440,776	23,099	466,676
Bond issue costs			248,506		248,506
Total Expenditures	7,874,211	1,851,053	1,164,282	4,978,772	15,868,318
Excess of Revenues over (under) Expenditures	25,031	(15,316)	(128,869)	(286,712)	(405,866)
OTHER FINANCING SOURCES (USES)					
Long-term capital debt issued	160,614			277,804	438,418
Refunding bonds issued			8,255,000		8,255,000
Proceeds from sale of capital assets	3,756	12,122		168,740	184,618
Premiums on bonds issued			90,822		90,822
Transfers in	65,761				65,761
Transfers out				(65,761)	(65,761)
Payment to bond refunding escrow agent			(8,097,316)		(8,097,316)
Total Other Financing Sources and Uses	230,131	12,122	248,506	380,783	871,542
Net Changes in Fund Balances	255,162	(3,194)	119,637	94,071	465,676
Fund Balances - Beginning	3,226,153	9,607	1,025,959	4,851,587	9,113,306
Fund Balances - Ending	\$ 3,481,315	6,413	1,145,596	4,945,658	9,578,982

The notes to the financial statements are an integral part of this statement.

SCOTT COUNTY

Exhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2014

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 465,676
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$1,270,552 exceeded depreciation of \$1,062,762 in the current period.	207,790
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net gain of \$44,221 and the proceeds from the sale of \$184,618 in the current period.	(140,397)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	(93,295)
Solid waste revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	101,861
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$940,767 exceeded debt proceeds of \$438,418.	502,349
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
The amount of increase in compensated absences	(1,588)
The amount of decrease in accrued interest payable	8,414
Issuance of refunding bond	(8,255,000)
Premium on refunding bond	(90,822)
The amortization of refunding bond premium	541
Payment to bond escrow agent for deferred refunding charges	8,097,316
The amortization of deferred refunding charges	(5,550)
Change in Net Position of Governmental Activities	\$ <u>797,295</u>

The notes to the financial statements are an integral part of this statement.

SCOTT COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2014

Exhibit 5

		Agency Funds
ASSETS		
Cash	\$	269,880
Due from other funds		6,748
Total Assets	\$	<u>276,628</u>
LIABILITIES		
Intergovernmental payables	\$	<u>276,628</u>
Total Liabilities	\$	<u>276,628</u>

The notes to the financial statements are an integral part of this statement.

SCOTT COUNTY

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SCOTT COUNTY

Notes to Financial Statements For the Year Ended September 30, 2014

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Scott County, Mississippi (the County) is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. Accounting principles generally accepted in the United States of America require Scott County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County. There are no outside organizations that should be included as component units of the County's reporting entity.

State law pertaining to County government provides for the independent election of County officials. The following elected and appointed officials are all part of the County legal entity and therefore are reported as part of the primary government financial statements.

- Board of Supervisors
- Chancery Clerk
- Circuit Clerk
- Justice Court Clerk
- Purchase Clerk
- Tax Assessor-Collector
- Sheriff

B. Basis of Presentation.

The County's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, fund financial statements and accompanying note disclosures which provide a detailed level of financial information.

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues.

The Statement of Net Position presents the financial condition of the governmental activities of the County at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the County's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues, are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the County.

Fund Financial Statements:

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures. Funds are organized into governmental, proprietary and fiduciary.

SCOTT COUNTY

Notes to Financial Statements For the Year Ended September 30, 2014

Major individual Governmental Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

C. Measurement Focus and Basis of Accounting.

The Government-wide and Fiduciary Funds (excluding agency funds) financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the County. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied. Agency funds have no measurement focus, but use the accrual basis of accounting.

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within 60 days after year end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The County reports the following major Governmental Funds:

General Fund - This fund is used to account for and report all financial resources not accounted for and reported in another fund.

Countywide Road Maintenance Fund - This fund is used to account for monies from specific revenue sources that are restricted for road maintenance.

Combined GO Debt Fund - This fund is used to account for resources accumulated and used for the payment of long-term debt principal, interest and related costs of borrowing used for capital projects.

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

Special Revenue Funds - These funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital Projects Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

FIDUCIARY FUND TYPE

Agency Funds - These funds account for various taxes, deposits and other monies collected or held by the County, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

SCOTT COUNTY

Notes to Financial Statements For the Year Ended September 30, 2014

D. Account Classifications.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2012 by the Government Finance Officers Association.

E. Deposits and Investments.

State law authorizes the County to invest in interest bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any County, municipality or school district of this state. Further, the County may invest in certain repurchase agreements.

Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value. However, the County did not invest in any governmental securities during the fiscal year.

F. Receivables.

Receivables are reported net of allowances for uncollectible accounts, where applicable.

G. Interfund Transactions and Balances.

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

H. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the (applicable) governmental activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

Governmental accounting and financial reporting standards allow governments meeting certain criteria to elect not to report major general infrastructure assets retroactively. Scott County meets this criteria and has so elected. Therefore, the major general infrastructure assets acquired prior to October 1, 2002, are not reported in the government-wide financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to October 1, 2002.

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives are used to report capital assets in the government-wide statements. Depreciation is calculated on the straight-line basis for all assets, except land. A full year's depreciation expense is taken for all purchases and sales of capital assets during the year. The following schedule details those thresholds and estimated useful lives:

SCOTT COUNTY

Notes to Financial Statements For the Year Ended September 30, 2014

	Capitalization Thresholds	Estimated Useful Life
Land	\$ 0	N/A
Infrastructure	0	20-50 years
Buildings	50,000	40 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased property under capital leases	*	*

* Leased property capitalization policy and estimated useful life will correspond with the amounts for the asset classification, as listed above.

I. Deferred Outflows/Inflows of Resources.

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred amount on refunding – For current refunding's and advance refunding's resulting in defeasance of debt reported by governmental activities the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Property tax for future reporting period/unavailable revenue – property taxes – Deferred inflows of resources should be reported when resources associated with imposed nonexchange revenue transactions are received or reported as a receivable before the period for which property taxes are levied.

Unavailable revenue – fines – When an asset is recorded in the governmental fund financial statements but the revenue is not available, the government should report a deferred inflow of resources until such time as the revenue becomes available.

Unavailable revenue – accounts receivable – When an asset is recorded in the governmental fund financial statements but the revenue is not available, the government should report a deferred inflow of resources until such time as the revenue becomes available.

J. Long-term Liabilities.

Long-term liabilities are the unmatured principal of bonds, loans, notes or other forms of noncurrent or long-term general obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances, but may also include liabilities on lease-purchase agreements and other commitments.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

SCOTT COUNTY

Notes to Financial Statements For the Year Ended September 30, 2014

In the fund financial statements, Governmental Fund Types recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Equity Classifications.

Government-wide Financial Statements:

Equity is classified as Net Position and displayed in three components:

Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, construction or improvement of those assets.

Restricted net position - Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position not meeting the definition of “restricted” or “net investment in capital assets.”

Net Position Flow Assumption:

When an expense is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the County’s general policy to use restricted resources first. When expenditures are incurred for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the County’s general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

Fund Financial Statements:

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Government fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. The following are descriptions of fund classifications used by the County:

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

L. Property Tax Revenues.

Numerous statutes exist under which the Board of Supervisors may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the County. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is

SCOTT COUNTY

Notes to Financial Statements For the Year Ended September 30, 2014

limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Board of Supervisors, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year.

Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase.

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability and collectibility criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

M. Intergovernmental Revenues in Governmental Funds.

Intergovernmental revenues, consisting of grants, entitlements and shared revenues, are usually recorded in Governmental Funds when measurable and available. However, the "available" criterion applies for certain federal grants and shared revenues when the expenditure is made because expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

N. Compensated Absences.

The County has adopted a policy of compensation for accumulated unpaid employee personal leave. No payment is authorized for accrued major medical leave. Accounting principles generally accepted in the United States of America require accrual of accumulated unpaid employee benefits as long-term liabilities in the government-wide financial statements. In fund financial statements, Governmental Funds report the compensated absence liability payable only if the payable has matured, for example an employee resigns or retires.

O. Changes in Accounting Standards

The County implemented the following standards issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement 65, *Items Previously Reported as Assets and Liabilities*; GASB Statement 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*. The provisions of these standards have been incorporated into the financial statements and notes.

(2) Prior Period Adjustment.

A summary of the significant fund equity adjustment is as follows:

Exhibit 2 - Statement of Activities – Governmental Activities.

<u>Explanation</u>	<u>Amount</u>
To correct error in capital assets, net.	\$ <u><u>560,000</u></u>

SCOTT COUNTY

Notes to Financial Statements For the Year Ended September 30, 2014

(3) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2014, was \$10,350,902, and the bank balance was \$10,633,396. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the County. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

(4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2014:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Countywide Road Maintenance Fund	General Fund	\$ 8,530
Combined GO Debt Fund	General Fund	17,507
Other Governmental Funds	General Fund	49,477
Agency Funds	General Fund	6,748
Total		\$ <u>82,262</u>

The receivables represent the tax revenue collected in September 2014, but not settled until October, 2014. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ <u>65,761</u>

The principal purpose of interfund transfers was to close old funds. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

SCOTT COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2014

(5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2014, consisted of the following:

Description	Amount
Governmental Activities:	
Legislative tax credit	\$ 138,453
Reimbursements for housing prisoners	87,780
Reimbursements for welfare	11,080
Community development block grant	7,376
Other	<u>43,898</u>
Total Governmental Activities	<u>\$ 288,587</u>

(6) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2014:

Governmental activities:

	Balance Oct. 1, 2013	Additions	Deletions	*Adjustments	Balance Sept. 30, 2014
<u>Non-depreciable capital assets:</u>					
Land	\$ 562,101				562,101
Construction in progress	<u>0</u>	<u>77,662</u>		<u>560,000</u>	<u>637,662</u>
Total non-depreciable capital assets	<u>562,101</u>	<u>77,662</u>	<u>0</u>	<u>560,000</u>	<u>1,199,763</u>
<u>Depreciable capital assets:</u>					
Infrastructure	7,739,993	489,643			8,229,636
Buildings	15,794,285	63,750			15,858,035
Mobile equipment	7,724,795	166,079	332,940		7,557,934
Furniture and equipment	515,272		30,000		485,272
Leased property under capital leases	<u>1,805,241</u>	<u>473,418</u>	<u>220,149</u>		<u>2,058,510</u>
Total depreciable capital assets	<u>33,579,586</u>	<u>1,192,890</u>	<u>583,089</u>		<u>34,189,387</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	1,075,594	208,761	1		1,284,354
Buildings	2,923,308	317,172			3,240,480
Mobile equipment	6,235,498	282,501	296,808		6,221,191
Furniture and equipment	431,454	39,179	27,000		443,633
Leased property under capital leases	<u>642,623</u>	<u>215,149</u>	<u>118,884</u>		<u>738,888</u>
Total accumulated depreciation	<u>11,308,477</u>	<u>1,062,762</u>	<u>442,693</u>		<u>11,928,546</u>
Total depreciable capital assets, net	<u>22,271,110</u>	<u>130,128</u>	<u>140,397</u>		<u>22,260,841</u>
Governmental activities capital assets, net	<u>\$ 22,833,211</u>	<u>207,790</u>	<u>140,397</u>	<u>560,000</u>	<u>23,460,604</u>

SCOTT COUNTY

Notes to Financial Statements For the Year Ended September 30, 2014

Depreciation expense was charged to the following functions:

	<u>Amount</u>
Governmental Activities:	
General government	\$ 95,566
Public safety	361,705
Public works	551,248
Health and welfare	<u>54,243</u>
Total governmental activities depreciation expense	\$ <u><u>1,062,762</u></u>

*Adjustments to Construction in Progress were made to correctly state beginning balance of an ongoing project.

(7) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2014, to January 1, 2015. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(8) Capital Leases.

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2014:

<u>Classes of Property</u>	<u>Governmental Activities</u>
Mobile equipment	\$ 2,009,603
Furniture and equipment	<u>48,907</u>
Total	2,058,510
Less: Accumulated depreciation	<u>738,888</u>
Leased Property Under Capital Leases	\$ <u><u>1,319,622</u></u>

SCOTT COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2014

The following is a schedule by years of the total payments due as of September 30, 2014:

Year Ending September 30	Governmental Activities	
	Principal	Interest
2015	\$ 283,872	16,935
2016	224,623	11,404
2017	150,985	7,184
2018	101,932	3,727
2019	<u>157,249</u>	<u>1,330</u>
Total	<u>\$ 918,661</u>	<u>40,580</u>

(9) Long-term Debt.

Debt outstanding as of September 30, 2014, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
Series 2010 Building Bonds	\$ 67,500	3.50%	11/2015
Series 2014 Refunding Bonds	<u>8,255,000</u>	0.65/3.50%	11/2027
Total General Obligation Bonds	<u>\$ 8,322,500</u>		
B. Limited Obligation Bonds:			
Jail Bond – Series 2007	<u>\$ 2,090,000</u>	4.00/5.00%	11/2017
C. Capital Leases:			
2011 Western Star garbage truck	\$ 10,382	2.91%	12/2014
2010 Case backhoe	6,985	2.99%	05/2015
2011 Freightliner garbage truck	29,036	2.87%	06/2015
AS400 computer	11,533	3.35%	10/2015
2002 Durapatcher	14,422	2.24%	04/2016
2006 Ford dump truck	15,265	2.10%	05/2016
2002 Durapatcher	14,372	2.29%	04/2017
2012 John Deere 6430 tractor/mower	24,596	1.97%	04/2017
2012 Ambulance	30,742	2.04%	07/2017
2012 Hydraulic excavator	44,167	1.93%	07/2017
2007 Cat 140H motor grader - refinanced	71,245	2.54%	08/2017
2012 Cat 430F backhoe	80,767	2.00%	10/2017
2008 Cat 12M motor grader	81,049	2.54%	12/2017
2008 Motor grader	70,055	2.54%	12/2017
2011 New Holland tractor	41,424	1.88%	05/2018
2014 Chargers	112,428	1.75%	10/2016
2014 Mini excavator	16,781	1.95%	02/2017
2014 Motor grader	<u>243,412</u>	2.08%	02/2019
Total Capital Leases	<u>\$ 918,661</u>		

SCOTT COUNTY

Notes to Financial Statements For the Year Ended September 30, 2014

Annual debt service requirements to maturity for the following debt reported in the Statement of Net Position are as follows:

Governmental Activities:

Year Ending September 30	General Obligation Bonds		Limited Obligation Bonds	
	Principal	Interest	Principal	Interest
2015	\$ 148,000	121,721	490,000	415,982
2016	154,500	186,962	510,000	395,982
2017	120,000	185,578	530,000	372,532
2018	120,000	183,988	560,000	179,641
2019	705,000	175,738		
2020 – 2024	3,745,000	658,608		
2025 – 2028	3,330,000	196,988		
Total	\$ 8,322,500	1,709,583	2,090,000	1,364,137

Legal Debt Margin - The amount of debt, excluding specific exempted debt, that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a County issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2014, the amount of outstanding debt was equal to 5.85% of the latest property assessments.

Advance Refunding - On September 10, 2014, the County issued \$8,255,000 in general obligation refunding bonds with an average interest rate of 2.44% to advance refund \$7,165,000 of the following outstanding bond issue:

Issue	Average Interest Rate	Outstanding Amount Refunded
Special Obligation Bonds, Series 2007	4.00/5.00%	\$ 7,165,000

The Special Obligation Bonds, Series 2007 had an outstanding balance of \$9,730,000 at the time of refunding, but only \$7,165,000 of the bond was refunded, leaving a remaining principal balance of \$2,565,000, of which \$475,000 was redeemed during fiscal year 2014.

The net proceeds of \$8,097,316 (after payment of \$248,506 in underwriting fees and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, those bonds are considered to be defeased, and the liability for those bonds has been removed from the Statement of Net Position.

The County advance refunded the above bonds to reduce its total debt service payments over the next 14 years by almost \$361,527 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$319,455.

SCOTT COUNTY

Notes to Financial Statements For the Year Ended September 30, 2014

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2014:

	Balance Oct. 1, 2013	Additions	Reductions	Adjustments*	Balance Sept. 30, 2014	Amount due within one year
Governmental Activities:						
Compensated absences	\$ 191,728	1,588			193,316	
General obligation bonds	99,500	8,255,000	32,000		8,322,500	148,000
Add:						
Premiums		90,822	541		90,281	
Limited obligation bonds	9,730,000		475,000	(7,165,000)	2,090,000	490,000
Capital leases	904,125	438,418	423,882		918,661	283,872
Other loans	9,885		9,885			
Total	\$ 10,935,238	8,785,828	941,308	(7,165,000)	11,614,758	921,872

Compensated absences will be paid from the fund from which the employees' salaries were paid which are generally the General Fund, Road Maintenance Funds, Emergency 911 Fund, and the Garbage and Solid Waste Fund.

(10) Contingencies.

Federal Grants - The County has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the County. No provision for any liability that may result has been recognized in the County's financial statements.

Litigation - The County is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the County with respect to the various proceedings. However, the County's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the County.

(11) Joint Venture.

The County participates in the following joint venture:

Scott County is a participant with Rankin, Smith and Simpson Counties in a joint venture, authorized by Section 39-3-9, Miss. Code Ann. (1972), to operate the Central Mississippi Regional Library System. The joint venture was created to provide library services to the public and is governed by a five-member board, which two members are appointed by Rankin County and one member each from the other three counties. By contractual agreement, the County's appropriation to the joint venture was \$191,000 in the fiscal year 2014. Complete financial statements for the Central Mississippi Regional Library System can be obtained from the following address: 3470 Highway 80 East, Pearl, MS 39208.

(12) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

East Central Community College operates in a district composed of the counties of Leake, Neshoba, Newton, Scott and Winston. The Scott County Board of Supervisors appoints six of the 30 members of the college board of trustees. The County levy collected in 2014 the following amounts: \$356,770 for maintenance and support, \$62,636 for buildings and renovations and \$57,341 for construction of a girl's dormitory.

SCOTT COUNTY

Notes to Financial Statements For the Year Ended September 30, 2014

Central Mississippi Emergency Medical Services District operates in a district composed of the Counties of Attala, Clarke, Copiah, Holmes, Lauderdale, Leake, Madison, Neshoba, Rankin, Scott, Smith, Warren and Yazoo. The Scott County Board of Supervisors appoints two of the 26 board members. The County provides only modest financial support for the district.

East Central Planning and Development District operates in a district composed of the counties of Clarke, Jasper, Kemper, Lauderdale, Leake, Newton, Neshoba, Scott and Smith. The Scott County Board of Supervisors appoints one of the 15 members of the board of directors. The County provided \$16,284 in support for the district in fiscal year 2014.

Region Ten Mental Health – Mental Retardation Commission operates in a district composed of the counties of Clarke, Jasper, Kemper, Lauderdale, Leake, Neshoba, Newton, Scott and Smith. The Scott County Board of Supervisors appoints one of the nine members of the board of commissioners. The County appropriated \$31,000 for support of the commission in the fiscal year 2014.

Mid-Mississippi Development District operates in a district composed of the counties of Clarke, Jasper, Lauderdale, Newton, Scott and Smith. The district was organized to foster, encourage and facilitate economic development in the member counties. The district's board of trustees is composed of 30 members, five each from the six-member counties. The County appropriated \$40,800 for support to the district in fiscal year 2014.

(13) Defined Benefit Pension Plan.

Plan Description. Scott County, Mississippi, contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Funding Policy. At September 30, 2014, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The rate at September 30, 2014 was 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2014, 2013 and 2012 were \$656,056, \$604,017 and \$520,792, respectively, equal to the required contributions for each year.

(14) Subsequent Events.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Scott County evaluated the activity of the County through February 19, 2016, (the date the financial statements were available to be issued), and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

SCOTT COUNTY

Notes to Financial Statements For the Year Ended September 30, 2014

Subsequent to September 30, 2014, the County issued the following debt obligations:

<u>Issue Date</u>	<u>Interest Rate</u>		<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
10/15/2014	1.87%	\$	21,705	Capital lease	Ad valorem taxes
10/15/2014	1.87%		24,572	Capital lease	Ad valorem taxes
12/02/2014	1.80%		189,700	Capital lease	Ad valorem taxes
01/05/2015	1.95%		20,000	Capital lease	Ad valorem taxes
06/05/2015	2.48%		483,000	Capital lease	Ad valorem taxes

SCOTT COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

SCOTT COUNTY

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SCOTT COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2014
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 5,948,100	6,079,271	6,079,271	
Licenses, commissions and other revenue	340,150	406,502	406,502	
Fines and forfeitures	253,000	313,344	313,344	
Intergovernmental revenues	610,000	617,028	617,028	
Charges for services	350,000	474,290	474,290	
Interest income	20,925	87,766	87,766	
Miscellaneous revenues	110,000	201,866	201,866	
Total Revenues	<u>7,632,175</u>	<u>8,180,067</u>	<u>8,180,067</u>	<u>0</u>
EXPENDITURES				
Current:				
General government	3,610,720	3,211,267	3,211,267	
Public safety	3,603,040	3,665,249	3,665,249	
Public works		209,328	209,328	
Health and welfare	285,580	316,892	316,892	
Culture and recreation	231,300	231,044	231,044	
Conservation of natural resources	156,639	147,564	147,564	
Economic development and assistance	89,234	92,965	92,965	
Debt service:				
Principal	56,250	208,800	208,800	
Interest		2,226	2,226	
Total Expenditures	<u>8,032,763</u>	<u>8,085,335</u>	<u>8,085,335</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(400,588)</u>	<u>94,732</u>	<u>94,732</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued		160,614	160,614	
Proceeds from sale of capital assets		3,756	3,756	
Transfers in		65,762	65,762	
Total Other Financing Sources and Uses	<u>0</u>	<u>230,132</u>	<u>230,132</u>	<u>0</u>
Net Change in Fund Balance	(400,588)	324,864	324,864	
Fund Balances - Beginning	<u>958,078</u>	<u>3,071,444</u>	<u>3,046,769</u>	<u>(24,675)</u>
Fund Balances - Ending	<u>\$ 557,490</u>	<u>3,396,308</u>	<u>3,371,633</u>	<u>(24,675)</u>

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

SCOTT COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 Countywide Road Maintenance Fund
 For the Year Ended September 30, 2014
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 77,500	76,129	76,129	
Intergovernmental revenues	122,000	112,531	112,531	
Miscellaneous revenues		4,115	4,115	
Total Revenues	<u>199,500</u>	<u>192,775</u>	<u>192,775</u>	<u>0</u>
EXPENDITURES				
Current:				
Public works	205,900	212,112	212,112	
Total Expenditures	<u>205,900</u>	<u>212,112</u>	<u>212,112</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(6,400)</u>	<u>(19,337)</u>	<u>(19,337)</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets		12,122	12,122	
Total Other Financing Sources and Uses	<u>0</u>	<u>12,122</u>	<u>12,122</u>	<u>0</u>
Net Change in Fund Balance	(6,400)	(7,215)	(7,215)	
Fund Balances - Beginning	<u>15,000</u>	<u>28,058</u>	<u>28,058</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 8,600</u>	<u>20,843</u>	<u>20,843</u>	<u>0</u>

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

SCOTT COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2014

A. Budgetary Information.

Statutory requirements dictate how and when the County's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the County, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff and the Tax Assessor-Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

The County's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (Non-GAAP Basis) and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major Special Revenue Fund. The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) is a part of required supplemental information.

C. Budget/GAAP Reconciliation.

The major differences between the budgetary basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the General Fund and each major Special Revenue Fund:

	Governmental Fund Types	
	General Fund	Countywide Road Maintenance Fund
Budget (Cash Basis)	\$ 324,864	(7,215)
Increase (Decrease)		
Net adjustments for revenue accruals	(280,826)	7,215
Net adjustments for expenditure accruals	211,124	(3,194)
GAAP Basis	\$ <u>255,162</u>	<u>(3,194)</u>

SCOTT COUNTY

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SCOTT COUNTY

SUPPLEMENTAL INFORMATION

SCOTT COUNTY

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SCOTT COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2014

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture/ Passed through the Mississippi Office of the State Treasurer Federal Forestry Service Schools and roads - grants to states*	10.665	N/A	\$ 519,648
U.S. Department of Housing and Urban Development- Office of Community Planning and Development/ Passed through the Mississippi Development Authority Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	1128-11-062-PF-01	25,826
U.S. Department of Justice/ Passed through the Mississippi Department of Public Safety Edward Byrne memorial justice assistance grant program	16.738	12LB1621	2,604
U.S. Department of Transportation - Federal Highway Administration/ Passed through the Mississippi Department of Transportation Highway planning and construction	20.205	BR NBIS 079 B(62)	30,140
National Highway Traffic Safety Administration Passed through the Mississippi Department of Public Safety State and community highway safety	20.600	14-OP-162-1	1,414
Alcohol open container requirements	20.607	14-ST-162-1	8,026
Total U.S. Department of Transportation			39,580
U.S. Department of Homeland Security/ Passed through the Mississippi Emergency Management Agency Hazard mitigation grant	97.039	12EMPL00	1,180
Emergency management performance grants	97.042	14EMPL00	30,176
Total U.S. Department of Homeland Security			31,356
Total Expenditures of Federal Awards			\$ 619,014

Note A - Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting.

Note B - Schools and roads - grants to states

Of the federal expenditures presented in the schedule, the County provided federal awards totaling \$278,692 to subrecipients during the year ended September 30, 2014.

* Denotes major federal award program

SCOTT COUNTY
Reconciliation of Operating Costs of Solid Waste
For the Year Ended September 30, 2014

Operating Expenditures, Cash Basis:

Personal services	\$ 226,027
Contractual services	154,313
Consumable materials and supplies	160,588
Capital outlay	<u>490</u>

Solid Waste Cash Basis Operating Expenditures	<u>541,418</u>
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Full Cost Expenses:

Indirect administrative costs	33,283
Depreciation on equipment	38,816
Interest on debt	2,371
Net effect of other accrued expenses	<u>26,487</u>

Solid Waste Full Cost Operating Expenses	<u>\$ 642,375</u>
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SCOTT COUNTY

OTHER INFORMATION

SCOTT COUNTY

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SCOTT COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2014
UNAUDITED

Name	Position	Company	Bond
Jackie Bradford	Supervisor District 1	Brierfield	\$100,000
Tim Sorey	Supervisor District 2	Brierfield	\$100,000
Steven Crotwell	Supervisor District 3	Western Surety	\$100,000
Johnny P. Harrell	Supervisor District 4	Western Surety	\$100,000
Bruce McMillan	Supervisor District 5	Brierfield	\$100,000
Lee Ann Livingston Palmer	Chancery Clerk	Western Surety	\$100,000
Shirley Evans	Purchase Clerk	Brierfield	\$75,000
Kim Fultz	Receiving Clerk	Western Surety	\$75,000
Tony Macon	Assistant Receiving Clerk	Brierfield	\$50,000
Terry Price	Assistant Receiving Clerk	Brierfield	\$50,000
Eddie Childs	Assistant Receiving Clerk	Brierfield	\$50,000
Ike Gray	Assistant Receiving Clerk	Brierfield	\$50,000
Carolyn Ford	Assistant Receiving Clerk	Western Surety	\$50,000
Eldridge Peterson	Assistant Receiving Clerk	Brierfield	\$50,000
Tommy Earls	Inventory Control Clerk	Brierfield	\$75,000
Bill Harmon Wilbourne	Constable	Western Surety	\$50,000
Richard Prestage	Constable	Western Surety	\$50,000
Joe Rigby	Circuit Clerk	Western Surety	\$100,000
Elvie R. Gray	Deputy Circuit Clerk	Brierfield	\$50,000
Tracy D. Turnage	Deputy Circuit Clerk	Western Surety	\$50,000
Mike Lee	Sheriff	Brierfield	\$100,000
Willie J. Anderson	Sheriff's Deputy	Brierfield	\$50,000
Steven Brad Ellis	Sheriff's Deputy	RLI	\$50,000
Richard Gregory	Sheriff's Deputy	RLI	\$50,000
Leonard Harrison	Sheriff's Deputy	Brierfield	\$50,000
Marcus G. Lingle	Sheriff's Deputy	Western Surety	\$50,000
Michael Manning	Sheriff's Deputy	Western Surety	\$50,000
Joe H. McDougale	Sheriff's Deputy	Western Surety	\$50,000
Julian Parker	Sheriff's Deputy	RLI	\$50,000
Billy Preston Patrick	Sheriff's Deputy	Western Surety	\$50,000
Derrick Qualls	Sheriff's Deputy	RLI	\$50,000
Donald Simpson	Sheriff's Deputy	Western Surety	\$50,000
Roger Stokely	Sheriff's Deputy	Western Surety	\$50,000
Norlyne Taylor	Sheriff's Deputy	RLI	\$50,000
Kennedy Warnsley	Sheriff's Deputy	Western Surety	\$50,000
Scotty Yarbrough	Sheriff's Deputy	Brierfield	\$50,000
Kevin D. Walker	Sheriff's Deputy	Western Surety	\$50,000
Scotty R. McPhail	Sheriff's Deputy	Western Surety	\$50,000
Thornton Gray Jr.	Sheriff's Deputy	RLI	\$50,000
Charles Bradley Carson	Jail Administrator	Western Surety	\$100,000
Wilbur McCurdy	Justice Court Judge	Western Surety	\$50,000
Bill Freeman	Justice Court Judge	Western Surety	\$50,000
Betty Odom	Justice Court Clerk	Travelers	\$50,000
Edwina Jones	Deputy Justice Court Clerk	Brierfield	\$50,000
Heather Street	Deputy Justice Court Clerk	Brierfield	\$50,000
Myra Murrell Davis	Tax Collector-Assessor	Brierfield	\$100,000
Mary Elizabeth Watson	Deputy Tax Assessor	Travelers	\$10,000
Alison Crapps	Deputy Tax Assessor	Brierfield	\$10,000
Betty Qualls	Deputy Tax Collector	Brierfield	\$50,000
Lisa White	Deputy Tax Collector	Western Surety	\$50,000
Shameka Spivey Longmire	Deputy Tax Collector	Western Surety	\$50,000
Denise Hill	Deputy Tax Collector	Western Surety	\$50,000

SCOTT COUNTY

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SCOTT COUNTY

SPECIAL REPORTS

SCOTT COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE
FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Members of the Board of Supervisors
Scott County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Scott County, Mississippi, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated February 19, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Scott County, Mississippi's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as 2014-001, 2014-004, 2014-007 and 2014-008 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as 2014-002, 2014-003, 2014-005, 2014-006 and 2014-009 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Scott County, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of Scott County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated February 19, 2016, included within this document.

Scott County's Responses to Findings

Scott County's responses to the findings identified in our audit are described in the accompanying Auditee's Corrective Action Plan. Scott County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.



SALLIE DIER, CPA
Director, Financial and Compliance Audit Division

February 19, 2016



**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Members of the Board of Supervisors
Scott County, Mississippi

Report on Compliance for Each Major Federal Program

We have audited Scott County, Mississippi's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended September 30, 2014. Scott County, Mississippi's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Scott County, Mississippi's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Scott County, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Scott County, Mississippi's compliance.

Basis for Qualified Opinion on Schools and Roads – Grants to States – CFDA #10.665

As described in the accompanying Schedule of Findings and Questioned Costs, Scott County, Mississippi did not comply with the compliance requirement regarding reporting of federal funds that is applicable to its Schools and Roads – Grants to States federal program as described in item 2014-010. Compliance with such requirement is necessary, in our opinion, for Scott County, Mississippi to comply with the requirements applicable to that program.

Qualified Opinion on Schools and Roads – Grants to States – CFDA #10.665

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Scott County, Mississippi, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Schools and Roads – Grants to States federal program for the year ended September 30, 2014.

Report on Internal Control Over Compliance

Management of Scott County, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Scott County, Mississippi's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2014-010 to be a material weakness.

Scott County's response to the internal control over compliance finding identified in our audit is described in the accompanying Auditee's Corrective Action Plan. Scott County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.



SALLIE DIER, CPA
Director, Financial and Compliance Audit Division

February 19, 2016



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

**INDEPENDENT ACCOUNTANT'S REPORT ON CENTRAL PURCHASING SYSTEM,
INVENTORY CONTROL SYSTEM AND PURCHASE CLERK SCHEDULES
(REQUIRED BY SECTION 31-7-115, MISS. CODE ANN. (1972))**

Members of the Board of Supervisors
Scott County, Mississippi

We have examined Scott County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2014. The Board of Supervisors of Scott County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of Scott County, Mississippi, has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

Because of inherent limitations in any central purchasing system and inventory control system, errors or irregularities may occur and not be detected. Also, projection of any current evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

In our opinion, Scott County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2014.

The accompanying schedules of (1) Purchases Not Made from the Lowest Bidder, (2) Emergency Purchases and (3) Purchases Made Noncompetitively from a Sole Source are presented in accordance with Section 31-7-115, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned examination of the purchasing system and, in our opinion, is fairly presented when considered in relation to that examination.

This report is intended for use in evaluating the central purchasing system and inventory control system of Scott County, Mississippi, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in blue ink, reading "Sallie Dier". The signature is fluid and cursive, with the first name "Sallie" and last name "Dier" clearly distinguishable.

SALLIE DIER, CPA
Director, Financial and Compliance Audit Division

February 19, 2016

SCOTT COUNTY

Schedule 1

Schedule of Purchases Not Made From the Lowest Bidder

For the Year Ended September 30, 2014

<u>Date</u>	<u>Item Purchased</u>		<u>Bid Accepted</u>	<u>Vendor</u>		<u>Lowest Bid</u>	<u>Reason for Accepting Other Than the Lowest Bid</u>
7/14/2014	2015 Mack Truck	\$	189,700	Tri-State Trucking	\$	163,260	3 year buy back

SCOTT COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2014

Schedule 2

<u>Date</u>	<u>Item Purchased</u>		<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
5/28/2014	Replace bridge	\$	99,830	Joe McGee Construction	Flood
6/10/2014	Replace bridge		250,456	Joe McGee Construction	Piling fell under bridge

SCOTT COUNTY

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source

For the Year Ended September 30, 2014

Our test results did not identify any purchases made noncompetitively from a sole source.

SCOTT COUNTY

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**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR**

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Scott County, Mississippi

In planning and performing our audit of the financial statements of Scott County, Mississippi for the year ended September 30, 2014, we considered Scott County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Scott County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated February 19, 2016, on the financial statements of Scott County, Mississippi.

Due to the reduced scope, these review procedures and compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

The results of our review procedures and compliance tests identified certain areas immaterial instances of noncompliance with state laws and regulations that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

Board of Supervisors.

1. Controls over solid waste accounts receivable should be strengthened.

Finding

An effective system of internal control over accounts receivable should include assurance that management has properly approved the allowance for doubtful accounts. Our test work indicated that the allowance for doubtful accounts was not properly authorized by management. Failure to approve the allowance for doubtful accounts could result in a loss or misappropriation of public funds.

Recommendation

The Board of Supervisors should spread on the minutes the allowance for doubtful accounts percentages and amounts.

Board of Supervisors' Response

The doubtful accounts percentages and amounts will be spread on the board minutes.

2. The County should create a rotation of back-ups offsite.

Finding

The County is currently using an automated system to perform daily back-ups of AS400 and backup copies are not being stored in a secure off site location. Without proper off-site storage of back-up files and applications, material damage could be realized by the County and its processes should a catastrophic event occur involving the County's building and servers. Risk and probabilities of material loss escalates in relationship to the longer an exposure goes unmitigated.

Recommendation

We recommend that the County implement a plan to ensure that all back-up files are taken offsite on a regular basis and stored in a safe and secure location. This process should be documented in the County's Disaster Recovery Plan. With close proximity of a bank, it would be convenient and safe to place the backup tapes in the night deposit drop and then place them in a safe deposit box the next day. It is further recommended that tapes be kept at the bank for several days (e.g. two weeks) to expedite recovery and to prevent problems in reading recovery tapes in the event of a disaster situation.

Board of Supervisors' Response

We will deposit our back-up tapes at Community Bank for them to keep for several days.

3. The County should implement its systems security event monitoring.

Finding

Regulatory compliance requires that a covered organization develop a standards-based framework to provide for monitoring for system security events. This should include log monitoring facilitated by log filtering and intrusion detection.

Intrusion detection is widely defined as the process of discovering unauthorized use of computers and networks. Intrusion detection requires gathering information about the actions of users and programs. The resulting information can then be analyzed either by individuals or by programs (usually programs that run as part of intrusion detection systems ("IDS's") that are specially crafted to analyze such information. The need for intrusion detection links directly to the various regulatory compliance requirements to detect and avert reasonably foreseeable errors and threats due to malicious or criminal actions, systems failure, natural disasters and error by employees or users.

Currently the County does not have any network intrusion detection systems or methods to efficiently monitor server logs for key security related events. Therefore, monitoring of key logs and for key security events is not being performed.

Recommendation

We recommend the County review the current system and develop a plan for monitoring systems and networks for key security events consistent with regulatory compliance objectives.

Board of Supervisors' Response

We will review the system and develop a plan for monitoring systems.

4. The County should implement a formal information security policy.

Finding

The County has not adopted a formal Information Security Policy or Enterprise Security Plan. The lack of a formal Information Security Policy can lead to a breakdown of basic security practices in the areas of application security, LAN/WAN security, management of the security application and internet protocol.

Recommendation

A robust set of Information Technology Policies should cover at least the following areas:

- Acceptable Use
- Portable Computing
- Change Management
- Encryption
- Security Incident Response
- Risk Management
- Backup and Recovery
- Business Continuity I Disaster Recovery

While full compliance with all facets of such a policy may be an economic challenge for the County, beginning steps to become compliant with a policy covering areas such as those listed above are necessary. We recommend that the County create a plan of compliance with industry standards to ensure progress towards a robust, documented information security plan. This policy should be reviewed and approved by County supervisors. In addition, employees that utilize technology should review and accept such policies before access to computer resources is granted to employees. Proof of approval by management and acceptance by employees should be retained for review by auditors.

Board of Supervisors' Response

We will create a plan of compliance with industry standards to progress towards a robust, documented information security plan.

5. The Circuit Clerk should not receive jury commission compensation.

Finding

Section 13-5-6(2)(c), Miss. Code Ann. (1972), states that a jury commissioner shall not be an elected public official. As reported in the prior year's audit report, during the testing of the Circuit Clerk's fee journal and annual financial report, it was noted that the Clerk was paid per diem in the amount of \$160.00 for services rendered as a jury commissioner. Due to the Circuit Clerk receiving \$160.00 in per diem for serving as jury commissioner, the Circuit Clerk is not in compliance with Miss. Code Section 13-5-6(2)(c). However, no repayment is due for this matter because the clerk was already over the salary cap for 2014. Failure to comply with this statute could result in the loss or misuse of public funds.

Recommendation

The Circuit Clerk should not receive per diem for any services rendered as jury commissioner.

Circuit Clerk's Response

Was not aware of this rule.

6. Circuit Clerk should settle amount in excess of fee cap to the County.

Finding

Section 9-1-43(1), Miss. Code Ann. (1972), limits the compensation of Circuit Clerks to \$90,000 after making deduction for employee salaries and related salary expenses allowed as deductions by Schedule C of the Internal Revenue Code. All fees received in excess of this amount, less any allowable expenses, are to be deposited by the clerk into the County's General Fund on or before April 15th for the preceding calendar year. As reported in the prior year's audit report, the Clerk exceeded the salary cap by \$9,285 for the 2014 calendar year and failed to settle the funds to the County's General Fund by April 15, 2015. Failure to properly settle the amount in excess of the salary cap of \$90,000 could result in the loss of public funds.

Recommendation

The Circuit Clerk should immediately settle the \$9,285 over the salary cap to the County's General Fund and ensure that future excess fees are settled in a timely manner.

Circuit Clerk's Response

I was waiting for the final report since I was retiring June 30, 2015.

Auditor's Note

The Circuit Clerk reimbursed the County \$9,285 for salary cap overages on June 9, 2015, as evidenced by receive warrant number 6820.

Scott County's responses to the findings included in this report were not audited, and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Supervisors, and others within the entity and is not intended to be and should not be used by anyone other than these parties. However, this report is a matter of public record and its distribution is not limited.



SALLIE DIER, CPA
Director, Financial and Compliance Audit Division

February 19, 2016

SCOTT COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SCOTT COUNTY

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SCOTT COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2014

Section 1: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|---|------------|
| 1. | Type of auditor's report issued: | Unmodified |
| 2. | Internal control over financial reporting: | |
| a. | Material weaknesses identified? | Yes |
| b. | Significant deficiencies identified? | Yes |
| 3. | Noncompliance material to financial statements noted? | No |

Federal Awards:

- | | | |
|----|---|---------------|
| 4. | Internal control over major federal programs: | |
| a. | Material weakness identified? | Yes |
| b. | Significant deficiency identified? | None Reported |
| 5. | Type of auditor's report issued on compliance for major federal programs: | |
| a. | CFDA #10.665, Schools and roads - grants to states | Qualified |
| 6. | Any audit finding disclosed that are required to be reported in accordance with Section ____510(a) of OMB Circular A-133? | Yes |
| 7. | Identification of major federal programs: | |
| a. | CFDA #10.665, Schools and roads - grants to states | |
| 8. | Dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 9. | Auditee qualified as low-risk auditee? | No |

SCOTT COUNTY

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2014

Section 2: Financial Statement Findings

Board of Supervisors.

Material Weakness

2014-001. Scott County should establish a disaster recovery process.

Finding

As reported in the three prior years' audit reports, during our review of the information systems controls of the County, we noted that the County has not established a disaster recovery process. As a result, the County cannot fully ensure the information systems can be restored in a timely manner. Disaster recovery involves defining and documenting plans to help sustain and recover critical information technology resources, information systems, and associated business functions. *Controls Objectives for Information and Related Technology* (CobiT, Section DS4), as well as recognized industry best practices, require a written disaster recovery plan be developed and tested regularly to provide orderly recovery of vital functions in the event of a hardware or environmental disaster. Failure to maintain an adequate recovery plan could impede the agency's ability to regain computer operations in the event of a disaster.

There are a number of steps that an organization can take to prevent or minimize the damage to automated operations that may occur from unexpected events. One example is routinely backing up data files and programs and securely storing them at an off-site location. Such actions maintain the organization's ability to restore data files, which may be impossible to re-create.

The County is currently creating back-up files, but is not restoring such files as part of a formal, documented disaster recovery exercise. Without proper assurance that backup files can be utilized to adequately restore all critical data in a timely manner in the event of a disaster scenario, material damage could be realized by the County and its processes should a catastrophic event occur involving the County's buildings and servers. Risk and probabilities of material loss escalates in relationship to the longer an exposure goes unmitigated.

Without proper assurance that backup files can be utilized to adequately restore all critical data in a timely manner in the event of disaster scenario, material damage could be realized by the County and its processes should a catastrophic event occur involving the County's building and servers. Risk and probabilities of material loss escalates in relationship to the longer an exposure goes unmitigated.

Recommendation

We recommend that the County develop, implement, and test a plan to ensure that critical data and applications are recoverable in case of a disaster scenario. In order to do this it will be necessary to gain an understanding from vendors involved in the backup process of the types of backups that should be created, on what frequency these backups should be created, the processes necessary to create the various types of backups and the responsibilities of the various parties involved, including County personnel and vendor personnel. Furthermore, these procedures and responsibilities should be documented and agreed upon by all parties involved.

We also recommend that the County develop and implement a disaster recovery plan documenting procedures to be followed during an emergency. Once the plan is completed, it should be subjected to proper testing, and employees should be made aware of their responsibilities in the event of a disaster. The plan should be stored in a safe, accessible location and updated when needed in order to maintain readiness for a disaster scenario.

SCOTT COUNTY

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2014

Significant Deficiency

2014-002. The County should perform a Network Review.

Finding

Factors noted during the Information Technology General Control (ITGC) assessment at the County indicate a network assessment is warranted.

Best business practices as well as standards for information technology provide various guidelines for frequency and criteria for performing network reviews. The Mississippi Enterprise Security Policy requires network reviews be performed, at minimum, every three years or more frequently whenever business situations change that might raise the level of risk for unauthorized access to an entity's data assets. Examples of such change criteria would be:

- A major change in the network topology
- Implementation of new financial applications
- Length of time since the last network review
- Recent network penetration or malware infection (and possible data loss) due to the activity of unauthorized parties
- Changes in support levels for hardware and software
- Lack of security event monitoring
- Insufficient anti-virus

Network reviews should include vulnerability scans as well as penetration tests. A vulnerability scan or assessment looks for known vulnerabilities in your systems and reports potential exposures, many times in the form of a risk assessment. A penetration test is designed to actually exploit weaknesses in the architecture of systems.

Hacks into networks, especially internet facing networks, are a common occurrence in today's information technology environment. Data breaches can cost breached entities fines, regulatory oversight, bad public relations, customer distrust and personnel time to correct issues caused by unauthorized access. Consequences can be both short-term (e.g., notification of breached parties) and long-term (e.g., lawsuits).

Recommendation

It is recommended that the County perform a network review as soon as possible. All factors that might increase the risk of unauthorized access to an entity's data assets should be considered when determining the exact scope of the network review to be performed. This review should consist of risk assessments, vulnerability scans and penetration tests. These type tests should be conducted by qualified personnel that specialize in such assessments.

Significant Deficiency

2014-003. The County should expire all individual passwords on a periodic basis.

Finding

A review of the County's security setting revealed that some user's passwords were set to expire on a more infrequent basis than recommended in best business practices. All passwords should be set to expire in accordance with policy to be determined by the County using best business practices guidelines.

SCOTT COUNTY

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2014

Recommendation

We recommend that a policy be implemented to ensure that passwords are expired on a regular basis. In addition, the County should conduct access review for information assets on a periodic basis (at least annually). Documentation of these reviews should be signed by the person conducting them and retained for review by auditors.

Material Weakness

2014-004. Effective internal control policies should be implemented over check signing functions.

Finding

An effective system of internal control over the check signing function should include an adequate segregation of duties for check preparation and check signing functions. During our testwork, it was noted that the Accounts Payable/Payroll Clerk can print checks as well as sign checks with no oversight by the Board of Supervisors or the Chancery Clerk before checks are sent or delivered. Without proper controls, unauthorized checks could be processed.

Recommendation

The Board of Supervisors should implement effective internal control policies that will allow proper segregation of duties for check preparation and check signing functions.

Significant Deficiency

2014-005. Controls over tax levy legal descriptions and code section citations should be strengthened.

Finding

Section 27-39-305, Miss. Code Ann. (1972), authorizes the Board of Supervisors to impose a Countywide ad valorem tax levy or levies for the maintenance of roads and bridges. An effective system of internal control over the tax levy should ensure that legal descriptions of the tax levies are accurate in the board order levying the tax levy. As reported in the prior year's audit report, the legal description in Section 3 of the board order setting the 2013 tax levy describes the levy for the road districts for the maintenance and construction of roads and bridges and cites Section 27-39-305, Miss. Code Ann. (1972). However, the only levies listed in Section 3 are the County-wide school district levy and the County-wide vocational technical special levy authorized by Code Sections 37-57-1 and 37-57-105, Miss. Code Ann. (1972). The use of incorrect legal descriptions and code sections could result in improper or unauthorized tax levies.

Recommendation

The Board of Supervisors should establish adequate control procedures to ensure the proper legal descriptions and code sections are used in the board order establishing the tax levy.

SCOTT COUNTY

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2014

Significant Deficiency

2014-006. The County should ensure that the correct code section is cited to correspond with the intended tax levy.

Finding

Section 19-9-109, Miss. Code Ann. (1972), authorized the Board of Supervisors to levy an annual ad valorem tax not to exceed one-fourth (1/4) of one mill for the purchase, operation and maintenance of fire trucks and other fire-fighting equipment in such supervisors districts that participate in the provisions of Section 19-5-97. As reported in the prior year's audit report, the 2013 tax levy contains a 1.80 mill levy pursuant to Section 19-9-109. The incorrect Code Section was used in the board order setting the 2013 tax levy for the Volunteer Fire Department. The use of the wrong Code Section in the tax levy resulted in an unauthorized tax levy in excess of the rate allowed by the cited Code Section.

Recommendation

The Board of Supervisors should establish adequate control procedures to ensure the proper code sections are used in the board order establishing the tax levy and that all levies are in compliance with the applicable code section.

Tax Collector.

Material Weakness

2014-007. The Tax Collector should maintain a cash journal and reconcile it monthly.

Finding

An effective system of internal control over the collection, recording, and disbursement of cash in the Tax Collector's office should include proper maintenance of a cash journal and a reconciliation of the bank account to the cash journal monthly. As reported in the prior six years' audit reports, we noted that the Tax Collector was not reconciling the bank account due to the lack of a reliable cash journal to reconcile with. A May 2015 cash count revealed a net cash overage of \$8,701. Failure to reconcile the bank account could result in the inability to make timely settlements due to insufficient funds in the bank account and the loss or misuse of public funds.

Recommendation

The Tax Collector should properly maintain a cash journal, ensuring that it reconciles to the bank account monthly.

Material Weakness

2014-008. Controls over cash collections in the Tax Collector's office should be strengthened.

Finding

An effective system of internal controls over the collection, recording, and disbursement of cash in the Tax Collector's office should include an adequate segregation of duties. The cash collections and disbursements function in the Tax Collector's office were not adequately segregated for effective internal controls. The bookkeeper reconciles cash collections and receipts, prepares daily check-up sheets, prepares daily bank deposits, posts to the cash journal, and writes checks for all disbursements, and reconciles the bank statements. Failure to have an adequate segregation of duties could result in the loss of public funds.

SCOTT COUNTY

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2014

Recommendation

The Tax Collector should take steps to ensure there is an adequate segregation of duties in the collection and disbursement functions of the office.

Circuit Clerk.

Significant Deficiency

2014-009. Circuit Clerk should make daily bank deposits.

Finding

An effective system of internal control over cash should include daily bank deposits. As reported in the prior seven years' audit reports, we noted that bank deposits were not being made on a daily basis in the operation of the Circuit Clerk's accounting system. Failure to have adequate controls in place could result in the loss or misappropriation of public funds.

Recommendation

The Circuit Clerk should implement controls to ensure that bank deposits are made on a daily basis.

Section 3: Federal Award Findings and Questioned Costs

2014-010. The County should establish controls to ensure that an annual certification is submitted to the Secretary of Agriculture by February 1 of the year after the year in which Title III funds were expended.

Finding

Program: Schools and Roads – Grants to States CFDA #10.665
Gant number: N/A; U.S. Department of Agriculture – Forest Service, passed through the Mississippi Office of the State Treasurer

Material Weakness
Material Noncompliance

Compliance Requirement: Reporting

The Secure Rural Schools and Community Self-Determination Act of 2000 (the Act) requires a participating County that expends any funds received under Title III of the Act to submit to the Secretary of Agriculture an annual certification that the County funds expended in the applicable year have been for the uses authorized under Title III of the Act, including a description of the amounts expended and their uses. This certification is to be made by February 1 of the year after the year in which the Title III funds were expended. The participating County certification also must include the amount of Title III funds not obligated by September 30 of the previous year. As reported in the prior year's audit report, the County did not submit an annual certification by February 1 of the year after the year in which the Title III funds were expended to the Secretary of Agriculture outlining the Title III funds that had been expended during the year, as well as a description of the amounts expended and their uses, and the amount of Title III funds not obligated by September 30. This noncompliance resulted from the County's lack of internal controls over the reporting requirement. Failure to submit an annual certification by the deadline to the Secretary of Agriculture could result in the funds being used for unauthorized purposes.

SCOTT COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2014

Recommendation

The Board of Supervisors should implement internal controls to ensure the County submits the required annual certification to the Secretary of Agriculture by February 1 of the year after the year in which any Title III funds were expended and include the amount of the Title III funds not obligated by September 30 of the previous year.

SCOTT COUNTY

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SCOTT COUNTY

AUDITEE'S CORRECTIVE ACTION PLAN
AND
AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

SCOTT COUNTY

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SCOTT COUNTY
BOARD OF SUPERVISORS

Post Office Drawer 630 Phone: 601-469-1926

FAX: 601-469-5058

FOREST, MISSISSIPPI 39074

BOARD ATTORNEY:
ROY NOBLE LEE, JR.
P.O. BOX 370
FOREST, MS 39074
PHONE: 601-469-2721

COMPTROLLER:
KIM ERVIN
P.O. BOX 630
FOREST, MS 39074
PHONE: 601-469-1926

CORRECTIVE ACTION PLAN

June 12, 2015

Office of the State Auditor
501 N. West Street, Suite 801
Jackson, MS 39201

Gentlemen:

Scott County respectfully submits the following corrective action plan for the year ended September 30, 2014.

The findings from the Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section 1: Summary of Auditor's Results, does not include findings and is not addressed.

Section 2: FINANCIAL STATEMENT FINDINGS

2014-001. Corrective Action Planned:

The County will be working with Premise or other IT company to prepare a written disaster recovery plan. Scott County does have an additional server located offsite and backup is checked periodically by Premise to ensure the county's ability to regain computer operations in the event of a disaster.

Anticipated Completion Date:

September 30, 2015

Name of Contact Person Responsible for Corrective Action:

Kim Fultz, Comptroller (601) 469-1926

2014-002. Corrective Action Planned:

We are in the process of getting a new IT provider if these vulnerabilities are not formally addressed.

Anticipated Completion Date:

September 30, 2015

Name of Contact Person Responsible for Corrective Action:

Kim Fultz, Comptroller (601) 469-1926

2014-003. Corrective Action Planned:

County Personnel with work with IT provider to make these changes.

Anticipated Completion Date: — SUPERVISORS —

— DISTRICT 1 —
JACKIE BRADFORD
601-469-2599

— DISTRICT 2 —
TIM SOREY
601-775-8864

— DISTRICT 3 —
STEVEN CROTWELL
601-259-6009

— DISTRICT 4 —
JOHNNY P. HARRELL
601-732-8135

— DISTRICT 5 —
BRUCE McMILLAN
601-775-3202

June 30, 2015

Name of Contact Person Responsible for Corrective Action:

Kim Fultz, Comptroller (601) 469-1926

2014-004.

Corrective Action Planned:

The Chancery Clerk has requested that Stacey Smith, Payroll Clerk, be taken off the Scott County Depository account and the Scott County Payroll account as a signor.

Anticipated Completion Date:

June 30, 2015

Name of Contact Person Responsible for Corrective Action:

Kim Fultz, Comptroller (601) 469-1926

2014-005.

Corrective Action Planned:

The county will correct these codes in the tax levy.

Anticipated Completion Date:

September 30, 2015

Name of Contact Person Responsible for Corrective Action:

Kim Fultz, Comptroller (601) 469-1926

2014-006.

Corrective Action Planned:

The county will correct these codes in the tax levy.

Anticipated Completion Date:

September 30, 2015

Name of Contact Person Responsible for Corrective Action:

Kim Fultz, Comptroller (601) 469-1926

2014-007.

Corrective Action Planned:

Today 6/2/2015, my bookkeeper will be checking May 2015 cash journal. We have until June 20th to settle May money, so I hope we find this error in May money. If not we will go back to April 2015 and proceed in a backward search until we find this error.

Anticipated Completion Date:

September 30, 2015

Name of Contact Person Responsible for Corrective Action:

Myra Murrell Davis, Tax Collector (601) 469-4051

2014-008.

Corrective Action Planned:

Starting 6/2/2015 each clerk will balance their cash drawer with report and bookkeeper will do a combined deposit only.

Anticipated Completion Date:

September 30, 2015

Name of Contact Person Responsible for Corrective Action:

Myra Murrell Davis, Tax Collector (601) 469-4051

Section 3:

FINANCIAL STATEMENT FINDINGS

2014-009.

Corrective Action Planned:

The county will file the required annual certification to the Secretary of Agriculture by February 1 of the year after the year in which Title III funds are expended.

Anticipated Completion Date:

September 30, 2015

Name of Contact Person Responsible for Corrective Action:

Kim Fultz, Comptroller (601) 469-1926

Sincerely,



Bruce McMillan
President

SCOTT COUNTY

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SCOTT COUNTY
BOARD OF SUPERVISORS

Post Office Drawer 630 Phone: 601-469-1926

FAX: 601-469-5058

FOREST, MISSISSIPPI 39074

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For Year Ended September 30, 2014

BOARD ATTORNEY:
ROY NOBLE LEE, JR.
P.O. BOX 370
FOREST, MS 39074
PHONE: 601-469-2721

COMPTROLLER:
KIM ERVIN
P.O. BOX 630
FOREST, MS 39074
PHONE: 601-469-1926

June 1, 2015

Office of the State Auditor
P O Box 956
Jackson, MS 39205

Gentlemen:

Scott County respectfully submits the following summary schedule of prior audit findings relative to federal awards.

SCHOOLS AND ROADS – GRANTS TO STATES

2013 – 008: U.S. Department of Agriculture – Forest Service, Passed thru the Mississippi Office of the State Treasurer, CFDA 10.665

Condition: The County should establish controls to ensure than an annual certification is submitted to the Secretary of Agriculture.

Recommendation: The Board of Supervisors should implement internal controls to ensure the County submits the required annual certification of the Secretary of Agriculture by February 1 of the year after the year in which any Title III were expended and include the amount of the Title III funds not obligated by September 30 of the previous year.

Current Status: The Board of Supervisors did submit the annual certification, but did not do so by February 1st. The report was emailed to Secretary of Agriculture on February 25th. This upcoming year report will be filed by required February 1 due date.

2013 – 009: U.S. Department of Agriculture – Forest Service, Passed thru the Mississippi Office of the State Treasurer, CFDA 10.665

Condition: The County should establish controls to ensure sub recipients are sufficiently monitored.

— SUPERVISORS —

— DISTRICT 1 —
JACKIE BRADFORD
601-469-2599

— DISTRICT 2 —
TIM SOREY
601-775-8864

— DISTRICT 3 —
STEVEN CROTWELL
601-259-6009

— DISTRICT 4 —
JOHNNY P. HARRELL
601-732-8135

— DISTRICT 5 —
BRUCE McMILLAN
601-775-3202

Recommendation: The Board of Supervisors should implement internal controls to ensure the County sufficiently monitors the sub recipients use of federal awards as required.

Current Status: The county is interacting with MSU personnel more closely concerning the use of Title III money.

2013 – 010: U.S. Department of Agriculture – Forest Service, Passed thru the Mississippi Office of the State Treasurer, CFDA 10.665

Condition: The county should establish controls to ensure the public comment period requirement is met before using Title III funds.

Recommendation: The Board should implement internal controls to ensure the County provides the required 45-day public comment period prior to using Title III funds.

Current Status: Title III monies were not expended to MSU until proof of publication was received and the required 45-day public comment period had expired.

Sincerely,

A handwritten signature in cursive script that reads "Bruce McMillan".

Bruce McMillan
President